

RUSSIA AND THE WEST IN IRAN

initial work was security. The oil deposits in southwest Iran were situated in territory inhabited by seminomad tribes that only nominally recognized the authority of the central government. To obtain the concession from Teheran and to exploit oil in Khuzistan were two different things. With all the characteristic realism of their race, the British—company people as well as consular authorities—entered into negotiations with the local tribes to secure their friendliness or at least noninterference with the company's work. Agreements were negotiated between the British Residency in Bushire on one side and the Sheikh of Mohammera (Khorramshahr today) and the Bakhti-yari tribe on the other. In order to protect the oil installations at Masjid-i-Suleiman against any unforeseen encroachments, a small detachment of Sikhs, commanded by a British officer, were brought in with the knowledge of the Iranian government.

These details are mentioned in order to stress the importance of the discovery of oil in Iran for the whole British policy in the Persian Gulf area. To watch the company's operations and to maintain friendly relations with the local potentates, a number of able public servants had to be employed by Great Britain in these regions. This meant deeper penetration of British consular and intelligence authorities into the area, the establishment of certain customs and usages, and generally a greater influence.

The development of the company was spectacular. Without much delay pipe lines were laid down linking the oil fields with the island of Abadan, where one of the largest oil refineries in the world was constructed. The most important event, however, in the story of the company was the decision of the British government,

in 1913, to re-
 place coal with oil as a fuel for the navy. This
 decision resulted in
 the purchase by the Admiralty of the controlling stock
 of the com-
 pany, and so, since 1914, the British government has
 been directly
 interested as an investor in the exploitation of Iranian
 oil.⁵ A detail,
 perhaps not without significance, is that it was
 Winston Churchill
 who headed the Admiralty at that time.

5 Today the British Treasury owns 1,000 pounds sterling of
 shares of first priv-
 ilege and 11,250,000 pounds sterling of ordinary shares, which
 represent a majority
 of 52 and 55 per cent of the votes in the company's Assembly. The
 capital of the
 Anglo-Iranian Oil Company is 32,843,752 pounds sterling (M.
 Nakhai, *Le Petrols*
en Iran [Paris and Brussels, 1938], p. 43).